

2-3-10-50

931337

**The Maryland Task Force on Privatization**

**Recommendations to**

**Governor William Donald Schaefer**

**Regarding**

**Privatization Opportunities**

**in the State of Maryland**

**in response to**

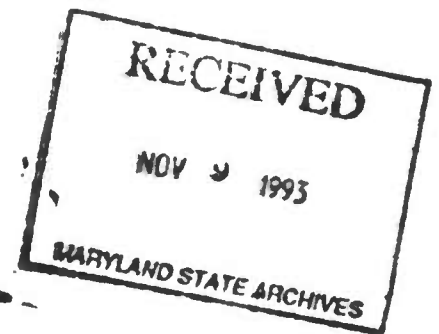
**House Joint Resolution Number 6,**

**1992 Session of the Maryland General Assembly**

**December 1992**



981337



## Table of Contents

Task Force Membership .....	1
Acknowledgements .....	2
Executive Summary .....	3
Introduction .....	7
Overview of Privatization Activities .....	9
Recommended Policy on Privatization .....	12
Methodology to Evaluate Privatization Opportunities .....	14
Review of Select State Agencies:	
Department of Environment .....	18
Department of General Services .....	23
Department of Health and Mental Hygiene .....	28
Department of Natural Resources .....	35
Department of Public Safety and Correctional Services .....	41
Department of Transportation, Maryland Aviation Administration .....	46
Department of Transportation, Maryland Port Administration .....	52
Maryland Higher Education Commission .....	57
References .....	61

# **Maryland Task Force on Privatization**

## **Members**

Ms. Barrie Christman  
Mellon Bank

Mr. Mark L. Joseph  
Yellow Transportation

Mr. Ron DeJuliis  
International Union of Operating  
Engineers, Local #37

Dr. Morton Rapoport, M.D.  
University of Maryland Medical Systems

Mr. William K. Hellmann  
Chairman  
Rummel, Klepper & Kahl  
Consulting Engineers

Mr. William Weder, II  
Management & Public Service

Mrs. Jacqueline Hrabowski  
T. Rowe Price

## **Chief Technical Advisor**

Ms. Deborah A. Photiadis

## **Chief Administrative Support**

Ms. Colleen M. Johnson

## **Acknowledgements**

The Governor's Task Force on Privatization would like to acknowledge the invaluable cooperation received from officials representing the State Agencies. The majority of the recommendations contained in this report were proffered by the Departments. We commend them for their efforts. We are appreciative of the assistance provided by the informal work group consisting of: Mr. H. Louis Stettler, III; Mr. William S. Ratchford, II; Mr. Frederick W. Puddester; Mr. Basil J. Wisner and Mr. William V. Steiner. All have extensive experience in State fiscal and management issues.

The Task Force thanks Dr. Patricia Florestano, University of Baltimore, for her insight and continuing review of the report as it developed.

Many individuals with special expertise volunteered their services through the Privatization Council. Specific thanks to Mr. Roger Feldman of McDermott, Will and Emery, President of the Privatization Council; and Mr. David Seader of Developmental Services, Inc., Coordinator for the Privatization Council.

## **Executive Summary**

The Maryland Task Force on Privatization was appointed by Governor William Donald Schaefer in response to House Joint Resolution 6 of the 1992 Session of the Maryland General Assembly, to identify functions of State government that could be performed more productively and cost-efficiently by the private sector.

The recommendations of the Task Force based on interviews and executive deliberations can be summarized as follows:

1. Privatization is a viable alternative to conserve scarce public resources.
2. Privatization can be used as a catalyst to promote quality management and economic development.
3. Privatization is not the end-all and it is dangerous to assume it will always work.
4. Successful privatization efforts reflect stated goals, specific performance standards, detailed transition plans, and clear-cut divisions of responsibility and authority between the public and private sectors.
5. Privatization opportunities should be evaluated on either an individual function/program basis or a statewide service basis.
6. Privatization is important enough to require due diligence by State agencies to fully evaluate whether the function in question should be privatized.
7. Privatization should be incorporated as an operating policy in State government through:
  - a formal State-wide policy on privatization;
  - a methodology for determining what functions might feasibly be transferred to the private sector; and
  - an Advisory Council on Privatization responsible for:
    - the review of privatization opportunities;
    - oversight of agency response; and
    - review of unsolicited proposals.

- the Department of Budget and Fiscal Planning should take a leadership role in privatization efforts using existing budget structure.
8. Specific functions in various agencies were addressed by the Task Force. The final report on each agency includes:
- I. Overview
  - II. Existing Privatization
  - III. Potential for Privatization
  - IV. Functions Not Privatized
  - V. Recommendations

Specific privatization opportunities are as follows:

**Maryland Department of the Environment:**

- 1. Courier service
- 2. Accounting/budgetary
- 3. Health benefits
- 4. Data entry, project programming, design/analysis
- 5. Arbitrage Rebate calculations
- 6. Dental/veterinary x-ray machine inspection
- 7. Collection of samples, radon testing
- 8. Additional engineering assistance
- 9. Laboratory analysis, data processing
- 10. Technical training/on-site assistance
- 11. Occupational licensing/certification
- 12. Sampling, data entry of manifests
- 13. Testing, training
- 14. Ambient air monitoring
- 15. Vehicle Emissions Inspection Program (emissions standards, test procedure development, audit of exhaust emission analyzers)
- 16. Administration of certified emissions mechanics, certified emissions repair facilities, Fleet Inspection Station Licensure Program

**Department of General Services:**

- 17. Couriers
- 18. Radio Repair
- 19. Management of State-owned facilities
- 20. Maryland State Agency for surplus property
- 21. Engineering/construction-related activities

**Department of Health and Mental Hygiene:**

- 22. Closing/Privatizing State Operated Facilities
- 23. In-Patient Services for children and adolescents
- 24. State- and County-operated community mental health clinics
- 25. State-operated community-based facilities
- 26. State-wide maternity care
- 27. State-wide soil percolation program
- 28. Expansion of contract services
- 29. Consolidation/Disposition of under-utilized property

**Department of Natural Resources:**

- 30. Somers Cove Marina Facility
- 31. Maryland Environmental Service
- 32. Northeast Waste Disposal Authority
- 33. Revolving Acquisition Program
- 34. Leasing, sale, development of under-utilized property
- 35. Services contracts
- 36. Recreational facilities

**Department of Public Safety and Correctional Services:**

- 37. Quality Assurance/Hospital Utilization Review
- 38. CJIS Central Repository (criminal record-checking unit)
- 39. Transportation of Inmates
- 40. Psychological and Additional Therapy
- 41. Audit and Standards Compliance
- 42. Inmate Food Services
- 43. Leasing/sale of under-utilized property
- 44. Correction's education programs for inmates
- 45. Operations of pre-release and minimum security prisons

**Department of Transportation, Maryland Aviation Administration:**

- 46. Fire Rescue Service (BWI)
- 47. Terminal/Transportation Services (BWI)
- 48. Maintenance (BWI/MTN)
- 49. Marketing
- 50. Formation of a Consolidated Enterprise Authority with the Maryland Transportation Authority and the Maryland Port Administration
- 51. Designate BWI as a showcase for technical and industrial products



**Department of Transportation, Maryland Port Administration:**

- 52. Disposal of Port of Cambridge
- 53. Marketing
- 54. Information Systems
- 55. Disposal/higher utilization of under-utilized properties
- 56. Operation of the World Trade Center
- 57. Formation of a Consolidated Enterprise Authority with the Maryland Transportation Authority and the Maryland Aviation Administration

**Maryland Higher Education Commission**

- 58. Construction Oversight Responsibilities

## Introduction

The Maryland Task Force on Privatization was appointed by Governor William Donald Schaefer in response to House Joint Resolution 6 of the 1992 Session of the Maryland General Assembly, to identify functions of State Government that could be more productive and cost efficient if performed by the private sector. An underlying premise to the legislation that established the Task Force is the "perception" that the private sector is more flexible, efficient and economical in conducting its business than the public sector. This premise, combined with a continuing budget deficit, and the State's inability to fund existing programs and services brought the concept of privatization to the forefront.

The use of the private sector to provide services for government has a long-standing tradition in Maryland. Out of the \$3.8 billion of operating/capital budgets the Task Force reviewed, over \$2 billion was directed to the private sector.

However, functions under consideration for transfer to the private sector today are different from those considered in the past. The sale or operation of airports and wastewater treatment plants, the management of State parks and prisons, and the contracting out of fire services and toll collections are all responsibilities traditionally performed by the public sector. Involvement of the private sector in performing traditional public services is privatization. It has become a term representing good government to some and the abdication of responsibility to others. Privatization is not a simple matter of transferring a task from one party to another, but assessing what functions government ought to perform and why; and the role the private sector should play in the delivery process. It is a management technique that brings competition into government. In sum, privatization is:

"A variety of techniques and activities to get more involvement of the private sector in providing traditional government or public services. It (should) enable each party to do what it does best and results in a win-win solution to providing public services."<sup>1</sup>

Although the transfer of public sector assets, services, duties and responsibilities to the private sector has become a viable alternative, the implementation of major privatization efforts has not occurred on a large scale. Concerns over legal issues, government employees, responsibility and liability, future economic development and lack of control challenge the advantages of sharing responsibilities with the private sector. Throughout the nation, states and local subdivisions are reviewing advantages and disadvantages of major privatization initiatives.

---

<sup>1</sup>Irwin T. David.

To accomplish its objective, the Task Force conducted nine public hearings on privatization-related issues and obtained testimony from over thirty individuals representing State agencies, private vendors, and employee unions. Consultants in the private sector were contacted for expertise and technical resources. Publications, books and papers were reviewed; privatization activities in other states, countries and municipalities were examined.

The Task Force concluded that privatization provides an alternative view to the concept of the State being all things to all people, and should be incorporated as an operating policy in State government.

This report includes:

- An Overview of Privatization Activities;
- A Recommended Policy on Privatization;
- A Methodology to Evaluate Privatization Opportunities; and
- Reviews of Select State Agencies.

## **Overview of Privatization Activities**

The privatization effort throughout the Nation is as diverse as one would expect given the political, cultural and economic differences found from state to state. Below are some examples of how other states are addressing the issue:

- In the Spring of 1992, Mississippi passed HB 505 which required a report on privatization due in December 1992. The report is likely to include a state-wide policy to implement a privatization process which will determine what activities government should: a) contract out to the private sector, b) divest the operation of and maintain regulatory authority only, or c) discontinue.
- The Governor of Michigan set forth a pro-active policy on privatization in the Spring of 1991. Draft recommendations were published in August of 1992, and the final recommendation on implementation to the Governor is expected December 1992. A permanent privatization office has been established under the Department of Management and Budget. Privatization initiatives being recommended have ranged from the operation of state facilities and total contracting out of highway maintenance to the facility management of computer operations.
- Reflecting a very progressive start, in 1989 Colorado privatized janitorial, custodial and maintenance services. However, employees took Colorado to court and due to the restrictive language regarding civil service included in the Colorado constitution, the Supreme Court upheld the employees. Privatization has not been aggressively pursued since the Court ruling.
- Although privatization is not a state-wide policy in Pennsylvania, the City of Philadelphia, due to their financial predicament, has aggressively pursued privatization opportunities. The Competitive Procurement Contracting Committee is focused on contracting out of services and in the Summer of 1992, requests for proposals went out on security and custodial services.
- Governor Weld of Massachusetts made privatization an executive initiative in January of 1991. Privatization was adopted as a management theory to encourage competition and eliminate waste in terms of service delivery. Massachusetts established the Governor's Privatization Leadership Council. Privatization initiatives accomplished to date include the award of a food contract for four institutions, the elimination of state-paid clinical and administrative workers in local clinics, and the contracting out of a maintenance district office under the Department of Transportation.

- In Texas the book Breaking the Mold - "New Ways to Govern Texas," (July , 1991) set forth major initiatives, including privatization pursuant to the Executive Initiative, "New Start Budget Plan" (Jan 31, 1991). However, no privatization initiatives have been implemented to date.
- New York State's Advisory Council on State Productivity recommended that the state continue to utilize the private sector as has been their history and to seek out ways to expand privatization opportunities. Additional contracting out of services is presently being explored. No state-wide policy has been adopted.

Regardless of the dissimilar approaches and results, privatization is clearly an issue at the forefront of discussion from state to state.

Within Maryland, on the local level, privatization has been actively addressed. Several examples listed below are representative of how local governments are using increased privatization to provide for services traditionally handled by government employees:

- Baltimore City let a major contract for the private operation of nine public schools. The City is also embarking on a major privatization effort in the Department of Aging with the objective to completely transfer the Senior Citizens Program for food to the private sector by October 1993.
- On December 1, 1992, the Board of County Commissioners of Washington County voted to solicit proposals for establishing a partnership with the private sector to provide comprehensive recycling services. The County will explore two options. The first, and at this time the preferred approach, will be to develop a contractual agreement with private enterprise to provide and operate a facility. The second option is for the county to own a facility which would be operated by the private sector.
- In Howard County, legislation is being submitted for the 1993 Session to allow for the establishment of a Howard County Economic Development Authority. The County is also considering vehicle maintenance, data processing and fire service functions as likely candidates for privatization opportunities.
- Anne Arundel County recently transferred the operation of the curb-side residential recycling program to the private sector, and is in the process of transferring the management responsibility of the historic London Towne Public House and Gardens to a non-profit foundation. County Executive Robert Neall is introducing legislation that will abolish the Anne Arundel County Office of Economic Development and Small Business Loan Fund to be replaced with a non-profit economic development corporation and loan fund.

- Worcester County recently transferred certain clinical services, traditionally provided by the Health Department, to a private hospital; and, is preliminarily considering the feasibility of contracting out some transportation services.
- Calvert County has instituted a number of privatization steps during the last 12 - 18 months. Custodial services in County buildings, except for the Courthouse, are now provided by independent contractors. Food services at the Detention Center were privatized and most merit personnel were transferred to other County vacancies. The management and operations of a new 40-bed DWI Facility were placed with a private firm.

## **Policy on Privatization**

- The State and its agencies should always consider whether the public or private sector will be more effective in increasing efficiency, improving quality or reducing cost on any particular operation.
  - The system should reward efficiency and managerial accountability, regardless of the number of programs, the size of the budget or the number of personnel.
  - Privatization should be a routine process whereby public managers think first of the feasibility of using the private sector as a means to provide governmental services.
- The State should begin the transition from thinking government operation to thinking who is most efficient by focusing on the privatization opportunities for:
  - Contractual services; e.g., maintenance, advertising and marketing; property management; computer services; food services; design and construction; inspections.
  - Acquisition/construction/operation of facilities; e.g., prisons; hospitals; office buildings.
  - Under-utilized assets; e.g., leasing vacant property; sale of surplus property; joint private-public property development.
- There should be a seven (7) member Advisory Council on Privatization, appointed by the Governor. Council responsibilities should include:
  - review and evaluate unsolicited privatization proposals;
  - provide information on privatization issues and offer procedural and implementation assistance;
  - provide oversight to ensure fair, comprehensive and objective comparisons of privatization alternatives;
  - request reports from State agencies on the status of implementation efforts for privatization;
  - request that State agencies conduct thorough evaluations of specific privatization opportunities; and

- provide an annual report to the Governor on the privatization activities being considered and/or implemented.

Council membership should include:

- a Chairman with experience as a private sector chief executive officer; and,
  - six (6) members with diverse business management experience; at least one of whom has a strong working knowledge of State government.
- The Department of Budget and Fiscal Planning (DBFP), as the agency statutorily charged with the responsibility to assure efficiency and effectiveness, should take a leadership role in the privatization efforts.
    - The DBFP should provide dedicated staff support and technical assistance to the Advisory Council.
    - The DBFP should assure that the existing budget process be the mechanism to ensure the continuous evaluation of privatization.
    - The DBFP should have the permanent responsibility to evaluate privatization alternatives submitted by each agency as part of the budget process.
    - The DBFP should oversee procedures for the comparison of the full cost of public versus private performance of tasks and ownership of facilities; and the adequacy of measures to assure full opportunity for public employees in privatization settings.
  - Each agency has a major role in accomplishing efficiency and effectiveness through a timely assessment of privatization opportunities.
    - Each agency should evaluate privatization as an alternative to a continued budget appropriation for those existing functions that can be competitively performed by the private sector.
    - Each agency should evaluate privatization as an alternative to a budget appropriation for all new initiatives that may be competitively performed by the private sector.



# Methodology to Evaluate Privatization Opportunities

There are four main steps in determining whether a function, task, operation or asset (activity) should be transferred in full or in part to the private sector. These steps are:

- I. Analyze the potential for privatization
- II. Examine the cost of the activity to the Government
- III. Plan the necessary procedures
- IV. Implement

These steps should be viewed as guides to assess privatization opportunities. Not all questions, factors or analysis are applicable to every privatization effort. At the conclusion of each step, if the review of the activity continues to lend itself to a privatization effort, it is appropriate to proceed to the next step. If this is not the case, the reason(s) that would prohibit continued privatization evaluation should be delineated, and the process ended.

## I. Analyze the Potential for Privatization

The objective of this analysis is to assess whether the specific activity lends itself to privatization. Keep in mind that...

"Business does some things better than government, but government does some things better than business. The public sector is better at policy management, regulations, ensuring equity and preventing discrimination or exploitation. Business is better at innovating, replicating successful experiments, adopting to rapid change, and aborting unsuccessful or obsolete activities."<sup>1</sup>

The activity identified should fall into one of the three privatization categories:

1. Contractual services;
2. Acquisition/construction/operation of facilities;
3. Under-utilized assets.

---

<sup>1</sup>David Osborne.

The questions and factors below are general in nature and are meant to ascertain whether more specific and serious analysis is warranted. Listed below are factors that need to be considered. In general, the responses to these questions should be "yes" in order to proceed further for more serious evaluation. However, a "no" to one of the questions does not necessarily preclude going forward, but special considerations will most likely need to be made.

1. Is there more than one private vendor capable and interested in providing the activity to ensure competition? ..... Y/N
2. Can the activity be specified in advance with clear objectives and goals? ..  
..... Y/N
3. Can the delivery of the activity be measured adequately to monitor performance? ..... Y/N
4. Can the private vendor be easily replaced during the term of the contract?  
..... Y/N
5. Is the economical delivery of a service more important than control and/or accountability? ..... Y/N
6. Can the contract provide for the transfer of liability/or risk? ..... Y/N
7. Is the public safety of citizens protected in case of default? ..... Y/N
8. Would the funds/revenues presently available continue to be available if the private sector performs the activity? ..... Y/N
9. Can the private sector implement and deliver the activity quicker? ... Y/N
10. Does government have the ability/resources to manage/control/regulate the contract? ..... Y/N
11. Is the proposed privatization activity consistent with State law, Rules and Regulations? ..... Y/N

## **II. Examine the Cost of the Activity to the Government**

The objective of this analysis is to determine what it costs government to perform the activity, what it would cost government to monitor the activity, and what future costs government can avoid by transferring the activity to the private sector. This

analysis should be done on each of the 3 categories, as a 5-year plan and should include:

- personnel costs (including salaries, unemployment insurance, fringe benefits, etc.)
- operating costs (maintenance, vehicles, equipment, office space)
- capital costs (present and anticipated)
- insurance/liability costs
- allocated administrative costs
- management/supervision costs
- other

### **III. Plan the Necessary Procedure**

The objective of this step is for the agency to evaluate, in detail, the parameters of the proposed privatization effort. This evaluation should address issues such as:

- **Timing**

Are there issues raised from Section I that need to be resolved prior to proceeding? Does the timing of the privatization effort affect potential cost savings? How long will it take to achieve the desired result?

- **Personnel**

What is the transition plan if the privatization will impact on State employees? Will current State employees have an opportunity to bid? Will the private vendor be required to absorb existing State employees? Can internal re-organization and different management techniques accomplish the same or similar goal?

- **Cost**

Is there a savings goal, short- and long-term, without which privatization will not be considered?

- **Agency Impact**

Does the privatization of this activity affect other programs and responsibilities (for other State Agencies, Departments)? Are there alternative public solutions?

- **Other**

What is the best way to structure the deal (lease, contract, sale, partnership, pilot program)? What process will be put in place to take over activity in case the privatization fails?

#### **IV. Implementation**

- **Prepare Request for Proposal (RFP) and/or Prepare Proposal Specifications**
- **Conduct Procurement**
- **Review RFP Response**
- **Compare Costs of Private Alternative Versus Public**
- **Establish Oversight Procedure**
- **Transfer Activity**

# Department of the Environment

## I. Overview

The Maryland Department of the Environment (MDE) protects the State's environment and safeguards the environmental health of its citizens. The Department's responsibilities include enforcement of laws and regulations pertaining to air pollution, water quality, drinking water, hazardous and solid waste, erosion and sediment control, stormwater runoff, and environmental health. The Department is also responsible for long-term planning and research associated with the restoration of the Chesapeake Bay, and technical assistance and oversight to industry and communities regarding hazardous and solid waste recycling and disposal, emergency response, and pollution prevention. In addition, the Department administers the Maryland Water Quality Loan Fund which provides loans to local jurisdictions to improve wastewater and drinking water supply systems; administers the Underground Storage Tank Upgrade and Replacement Fund Loan Program; and, in cooperation with the Motor Vehicle Administration, administers the Vehicle Emissions Inspection Program.

The MDE owns and/or operates a warehouse, 8 radiation monitoring stations, and 17 air monitoring stations.

FY 92 Operating Budget	\$ 51,877,927
FY 92 Capital Budget	\$ 190,472,000
Number of Employees	810 (appropriated)

In FY 92, \$10,303,271 or 20% of the Department's operating budget and \$48,395,991 or 25% of the Capital Budget went directly to the private sector for services rendered.

## II. Existing Privatization

Category	Responsibility	Annual Dollars
Air Management	Air monitoring station construction, data entry, repairs, film development; air quality planning - usage of on-line meteorological database; aircraft lease, software maintenance; Mobile Source Control - evaluation of liquid natural gas fueled State vehicles; testing of compressed natural gas fueled vehicles, air toxins compliance demonstration reviews.	\$ 124,118

<b>Category</b>	<b>Responsibility</b>	<b>Annual Dollars</b>
Finance and Administration	Building maintenance; rental; security services; equipment service; admin. legal services; bank courier; temporary personnel services; remedial and preventative maintenance; micro-computer base equipment and telecommunications.	\$ 1,836,270
Water Quality Financing	To provide special bond council and tax services not available by Attorney General, i.e., legal services, underwriter, financial advisor, bond trustee, audit services, and cash-flow verification.	\$ 61,775
Toxics, Environmental Science and Health Administration	Miscellaneous contracts to maintain equipment used to measure radiation levels; bio-monitoring of Point Source discharge; childhood lead poisoning prevention.	\$ 368,967
Water Management	Engineering assistance; sampling, monitoring, lab services, research; Chesapeake Bay projects; regional planning; operator training; and technical assistance.	\$ 5,389,569
Sediment and Stormwater	Bay implementation research and development projects; Regional Planning.	\$ 466,498
Hazardous and Solid Waste Management	Underground storage tank remediation; hazardous waste/oil spill clean up.	\$ 2,056,074
<b>TOTAL</b>		<b>\$ 10,303,271</b>

### III. Potential for Privatization

The MDE has reviewed, in detail, certain functions in each of its divisions that potentially could be transferred to the private sector. Some of these involve legislation, while others could be transferred immediately. They are listed below by division category:

- **Finance and Administration**
  - courier service;
  - accounting/budgetary;
  - health benefits; and
  - data entry, project programming, design/analysis.
- **Water Quality Financing**
  - Arbitrage Rebate calculations.
- **Toxics, Environmental Science and Health**
  - dental/veterinary x-ray machine inspection;
  - collection of samples, radon testing
- **Water Management**
  - additional engineering assistance;
  - laboratory analysis, data processing;
  - technical training/on-site assistance; and
  - occupational licensing/certification.
- **Hazardous and Solid Waste**
  - sampling, data entry of manifests; and
  - testing, training
- **Air Management**
  - ambient air monitoring;
  - portions of the Vehicle Emissions Inspection Program (emissions standards, test procedure development, audit of exhaust emission analyzers); and
  - administration of certified emissions mechanics, certified emissions repair facilities, Fleet Inspection Station Licensure Program.

#### IV. Functions Not Privatized

The MDE employs State employees to perform the following responsibilities

##### **Executive, Financial and Administrative (101 positions)**

Oversight of departmental activities and setting of policies; purchasing, contracts, building management, inventory, personnel and management.

MDE believes that these functions are integral to the operation of the agency and not practical for privatization. Although select duties are under review for privatization, the overall responsibility to provide support, administrative direction, and oversight should remain with government.

The balance of administrative functions deals with tasks that are regulatory in nature (review and approval, standards setting and compliance) and should not be privatized. Oversight and monitoring of privatization efforts is essential to state government assuring conformance to legislated and regulated mandates. These tasks are listed below:

##### **Water Quality Financing and Water Management (6 positions)**

- Revolving Loan Program

##### **Toxics, Environmental Science and Health (90 positions)**

- Emergency Response and Environmental Surveillance;
- Radon detection and control; and
- Radio-active materials licensing; and enforcement.
- Radiation machine registration; and
- Environmental health.

##### **Water Management (238 positions)**

- Engineering, Contracting and Sewage Program (permitting, inspection, local plan approval;
- Water Quality and Bay Program (standards setting and certification); and
- Water Supply Program (review and approval of plans, standards setting and compliance).



### **Hazardous and Solid Waste Management (206 positions)**

- Solid waste, hazardous waste (operation permits, emergency response, material spills, enforcement and investigation);
- Industrial discharge (permits, licenses and certification); and
- Superfund (assessments, site investigations, remedial actions inspections and certifications).

### **Air Management (111 positions)**

- air quality planning;
- information systems maintenance;
- motor vehicle emissions control;
- new source air and air toxins source permit review;
- enforcement of air quality regulations; review, issuance denial of operating permits; inspections and surveillance; and
- licensing of asbestos removal contractors.

### **Sediment and Stormwater (58 positions)**

- Review, compliance, and inspection.

## **V. Recommendation**

The majority of the MDE's operation deals with inspection, compliance, enforcement, regulatory control, quality control, distribution of State and Federal dollars, and general policy and oversight over environmental issues. These are governmental functions that ought not be delegated to the private sector. It is possible, however, that components of each program be potential privatization candidates. It is this potential that MDE has referenced in the privatization opportunities stated in Section III.

The Task Force recommends that the MDE continue to assess the viability of transferring the functions delineated in Section III to the private sector; that cost analysis be prepared to compare the government versus private sector costs. In those services that are competitively offered in the private sector, the loss of which would not negatively impact on MDE's ability to control or oversee the end product.

## **Department of General Services**

### **I. Overview**

The Department of General Services (DGS) is mainly responsible for providing goods and services to other State agencies. These services include purchasing, real estate procurement, construction-related services, maintenance and security at State complexes and telecommunication services. DGS manages and operates multi-agency State facilities, as well as the Maryland State Agency for Surplus Property operation.

The DGS manages 50 buildings representing 5.2 million gross square feet, the majority of which are located at the Annapolis and Baltimore State office complexes.

FY 92 Operating Budget  
Number of Employees

\$64,916,549  
813 (appropriated)  
720 (actual)

At the close of FY 92, 23% or \$15,050,574 of DGS's operating budget went directly to the private sector for services rendered; and, another 25% or \$16,102,805 passed through DGS for payment of the facilities' utility and telephone bills.

### **II. Existing Privatization**

The DGS contracts out for services to augment its operating staff, obtain expert and technical expertise and perform various tasks that may be cyclical, short-term, or project-specific oriented. These existing privatization efforts are listed in general categories as follows:

Function	Private Sector Responsibility	Annual Dollars
Buildings and Grounds	Preventative maintenance and repair services.	\$ 1,782,638
	Security guards.	\$ 1,183,993
	Custodial and janitorial.	\$ 1,818,221
Engineering and Construction	Small construction/maintenance contracts; expert consultants.	\$ 2,801,921
Services and Logistics	Special equipment; lease; printing.	\$ 578,632
Telecommunications	Contract with Sprint for TAM program; Special consultants.	\$ 6,374,584
Administrative	EDP contracts, Expert Witness Fund; special delivery services.	\$ 510,585
<b>TOTAL</b>		<b>\$15,050,574</b>

### III. Potential for Privatization

The DGS is currently pursuing 2 new privatization initiatives. The courier operation consolidation was also recommended by the Governor's Commission on Efficiency and Economy.

- **Couriers**

DGS is developing an implementation plan to consolidate existing courier operations under DGS. For one year, DGS would monitor and evaluate the operation and then request proposals from private courier services to compare the benefits of public/private provision of service.

- **Radio Repair**

DGS is preparing an assessment of cost benefits for a state-wide radio maintenance contract to provide agency radio users access to an open private contract. At the present time, each radio-using agency is responsible for maintenance of its own radio systems, and this present course may not be the most cost effective.

#### **IV. Functions Not Privatized**

The DGS carries out the following duties and responsibilities with State personnel:

- **Buildings and Grounds (381 positions)**

The DGS accomplishes much of its buildings and grounds mission by employing maintenance, trades and security personnel. Staff perform other special services such as special events, office renovations, moving furniture and equipment, and removal of ice and snow from sidewalks, steps and ramps.

The police officers and building guards (136 positions) are under the operational control of the State Police and provide multi-faceted levels of security to State government operations, facilities and personnel. The DGS believes that privatization of these duties and responsibilities would:

- limit the reliability and responsiveness;
- result in ineffective performance due to lag time (emergencies); and
- not adequately secure the facilities or personnel.

- **Engineering and Construction (118 positions)**

- A/E Selection and procurement/design services;
- Boundary and topographical surveys;
- Technical consulting;
- Bidding/contract administration;
- Field supervision; and
- Administration/inspection of construction contracts.

The DGS recommends that these duties and responsibilities continue to be performed by State employees to:

- maintain competent, professional administrative control over private contractors;
- monitor and ensure contract compliance; and
- perform quality control functions.

- **Real Estate Services (39 positions)**

This group is responsible for the acquisition and disposal of property and the staff support associated with Real Estate transactions. Negotiations, appraisal reviews, studies and legal support are conducted by this division in support of agency programs state-wide. The DGS believes the equivalent services would not only cost more if performed by the private sector, but would raise major conflict of interest concerns.

- **Services and Logistics (92 positions)**

Major functions are purchasing bureau, printing and publications, records management, inventory and fuel management, Maryland State Agency for surplus property. DGS believes that to adequately protect the States interest in monitoring the procurement and other resources, State employees should continue to perform the task.

- **Telecommunications (32 positions)**

This group is predominantly responsible for contract management and oversight of payments to vendors which requires close scrutiny.

- **Administration (58 positions)**

Major functions are:

- policy, planning and executive direction;
- legal support;
- information services, budgeting, accounting; and
- human resources.

These activities are the internal support and decision making functions that govern the agency. DGS recommends the continued use of State employees to execute these activities.

## **V. Recommendation**

The DGS has been pro-active in utilizing the private sector to augment its resources. The majority of services the DGS performs for its clients (State agencies) are readily available from the private sector in a fairly competitive manner. In fact, much of DGS's responsibility deals with the management of private vendor contracts. Traditionally, the State has maintained a balance of State employees and private contractors for the carrying out of certain tasks - utilizing both the private and public sector for "the doing" of the task, and the public sector for "the governing" of the task. Maintaining a proper balance is certainly crucial to ensure fair and equitable policies for both the State agencies and the citizen.

Recently, however, many states are beginning to question the cost effectiveness and validity of State employees continuing to perform duties and responsibilities in functional areas that can be easily contracted out (facility/construction management) and controlled with a smaller management oversight division.

The Task Force recommends that DGS should continue to pursue the assessment of a state-wide radio maintenance contract; and, the development of its implementation plan to consolidate courier services. However, the Task Force recommends that the preparation of an RFP for courier services should be developed during this planning period for bidding by both the private/public sectors at time of conversion.

In addition, the DGS should:

- assess and compare the cost of transferring the management of State-owned facilities to the private sector;
- assess the transfer of the Maryland State Agency for surplus property to the private sector via a revenue lease or contract; and
- assess the transfer of all engineering/construction-related activities to the private sector with the exception of contract management and oversight.

# Department of Health and Mental Hygiene

## I. Overview

The basic objectives of the State Department of Health and Mental Hygiene (DHMH) are: to develop a health program providing protection to Maryland residents against preventable disease and premature loss of life; to provide comprehensive health and medical services for the indigent; to provide in-patient and out-patient services for the chronically and mentally ill, developmentally disabled, persons with tuberculosis, and drug, alcohol and gambling abusers; and to perform research and studies to advance the health of all residents.

In carrying out its mission, the DHMH affects every resident in some way or another - from performing autopsies to working with local communities in developing effective health programs and services, to managing a system of health care services available to Medicaid recipients.

There are 50 facilities under the DHMH across the State comprised of 6 psychiatric hospitals, 2 Community Mental Health Centers, 3 Residential Treatment Centers, 30 Community Group-homes, 5 State Residential Centers, 2 Chronic Disease Hospitals, 1 Mental Health Center in rented space, and 1 facility declared as surplus property.

FY 92 Operating Budget	\$2,447,565,339 <sup>1</sup>
FY 92 Capital Budget	\$ 6,775,500
Number of Employees	10,315

In FY 92, \$1,642,157,866 or 67% of the operating budget went directly to private contractors and \$6,775,500 or 100% of the Capital Budget, plus 100% of the Community Bond Bill or \$6,800,000.

## II. Existing Privatization

Extensive community-based services are provided by the private sector on behalf of the Agency through private providers. These services represent an expenditure in excess of \$250 million annually. In addition, to support its facilities, the DHMH lets a full-range of contracts from pest control to housekeeping. The Medical Care Program Contracts and Medical Assistance Program payments represent over \$1.3 billion annually. The following charts delineate the payments to the private sector in these major general categories.

---

<sup>1</sup> General Fund: \$1,515,064,008; Special Fund: \$54,800,029; Federal Fund: \$861,083,399; Reimbursable Fund: \$16,617,903

<b>Category</b>	<b>Responsibility</b>	<b>Annual Dollars</b>
<b>Aids Administration</b>	Education; training; diagnosis and evaluation.	\$ 914,897
<b>Local &amp; Family Health Administration</b>	Case management; special clinics; education	\$ 3,166,957
<b>Mental Health Administration</b>	Community rehabilitation; legal advocacy; residential and outpatient; in-home intervention; emergency psychiatric services.	\$ 41,124,057
<b>Developmental Disabilities Administration</b>	Residential, day services; supported employment; case management, support services.	\$ 180,894,482
<b>Alcohol and Drug Abuse Administration</b>	Prevention; residential treatment; halfway houses; court evaluation; detoxification.	\$ 27,396,175
<b>Medical Care Compliance Administration Contracts</b>	Utilization review of acute facilities; medical record review; assessment of nursing facility applicants; drug utilization review; identify/recover additional payments liable to 3rd parties for Medicaid credit; drug formulary updates; technical/administrative support - Committee on Therapeutic Education; Internal audits; nursing home appraisals.	\$ 5,889,572



Facility-Based Services (130 contracts)	Dental Services; Sitter Services and Nursing; Somatic Medical Ser- vices; Therapy; Labo- ratory; Pharmacy; Food Service; House- keeping and Laundry, Pest control, Trash removal, Security; Equipment Repair and Maintenance	\$ 11,000,000
Medical Assistance Program Payments	Hospital In-patient	\$ 501,346,773
	Nursing Facility	\$ 340,694,223
	Hospital Out-patient	\$ 106,795,573
	Physicians	\$ 134,686,660
	Pharmacy	\$ 85,811,025
	HMO	\$ 78,346,566
	Home and Community Health	\$ 62,809,884
	Other	\$ 59,072,222
Administrative Support	Information Services (software,equipment, maintenance/devel- opment).	\$ 295,000
	Architecture/engineer- ing consultants; cleri- cal; security.	\$ 323,100
	Body transport; county death investigations; laundry.	\$ 569,100
	Cancer registry.	\$ 490,000
	Health Resources Planning Commission- development planning; computer services.	\$ 531,600
<b>TOTAL</b>		<b>\$1,642,157,866</b>

The DHMH has encouraged the leasing and sale of under-utilized property. In FY 92-93, the planning and coordination of the disposition of DHMH property to the private sector encompassed over 90 transactions representing leases, right-of-ways, easements, and sale of property. In addition, over \$6.5 million was granted to non-profit providers to finance the construction, renovation and acquisition of facilities for 45 projects.

### III. Potential for Privatization

The DHMH is currently pursuing several privatization opportunities. The consideration of closing/privatizing the chronic-care hospitals was also recommended by the Governor's Commission on Efficiency and Economy.

- **Closing/Privatizing State Operated Facilities** - Consideration of the privatization of the Deer's Head and Western Maryland chronic-care hospitals through sale or private management contract.
- **Certain mental health and, local and family health services**
  - In-patient mental health services for children and adolescents;
  - State and county operated community mental health clinics;
  - State operated community-based mental health facilities;
  - State-wide maternity care; and
  - State-wide soil percolation program.

As of January 1, 1993, the Medical Care Operations Administration will contract with a private vendor who will be performing claims processing for point-of-sale "prospective" drug review. Savings of this initiative are expected to be \$5 million to \$7 million annually. In addition, the Medical Care Compliance Administration is developing an RFP to contract out invoice/bill audits. The purpose of the audit is to identify and recover monies paid out through billing error.

### IV. Functions Not Privatized

#### **Public Health Services (8,982 positions)**

- **Alcohol & Drug Abuse Administration**
  - designate, approve and coordinate services for substance abusers.
  - provide education and training in prevention, diagnosis, and rehabilitation.

- **Community Health Surveillance and Labs Administration**
  - Epidemiology and Disease Control Program.
  - Food Protection and Consumer Health Services Program.
  - laboratory services.
- **Local and Family Health Administration**
  - oversight/development/implementation of public health programs on local levels.
  - Maryland WIC Program
  - chronic disease prevention/cancer control
  - operation and oversight of chronic disease hospitals
- **AIDS Administration**
  - surveillance and case reporting
  - developing/supporting prevention strategies
- **Mental Hygiene Administration**
  - oversight and operation of 8 psychiatric in-patient facilities, one forensic center, 3 regional institutes for children, Maryland Psychiatric Research Center.
  - oversight and funding community-based psychiatric services
- **Developmental Disabilities Administration**
  - oversight and funding for community services (residential programs, supported employment, individual family placements)
  - operation of 5 residential centers

#### **Operations (485 positions)**

These are the functional units that provide:

- **Governmental and Community Relations, Public Information, Personnel;**
- **Budget management, general accounting, reimbursement functions;**
- **Data processing; and**
- **Building services, vital records.**

## **Policy, Financing and Regulation (752 positions)**

- **Licensing and Certification Program;**
- **Health Resource Planning Commission, Health Services Cost Review Commission, Physician's Quality Assurance Boards (responsible for examining, regulating and disciplining);**
- **Medical Care Programs:**
  - **implement policy changes through regulatory process;**
  - **maintain Medicaid State Plan;**
  - **assures federal law/regulates compliance;**
  - **investigates fraud/abuse**
  - **health care benefits eligibility/payments**

## **V. Recommendation**

The DHMH is a large organization providing health-related services to tens of thousands of individuals every day. The agency has been successfully moving in the direction of community-based care. Non-profit providers and private vendors have played a key role in this effort. The Agency's list of potential opportunities ranges from the privatization of chronic-care hospitals to additional contracting out of services. However, there are very real concerns regarding the transfer of additional duties and responsibilities to the private sector; such as:

- **willingness of the private sector to service the most difficult patients**
- **can the State ensure high-performance standards for quality care?**
- **will the State have the financial resources to pay the private sector for care of its patients?**
- **lack of accountability; and**
- **potential loss of service to uninsured persons.**

**These issues need to be addressed when assessing each and every privatization opportunity.**

The Task Force recommends that the DHMH should continue to pursue those privatization opportunities currently being reviewed:

- Consider privatization of the chronic-care hospitals;
- Transfer of certain services:
  - In-patient mental health services for children and adolescents;
  - State and county operated community mental health clinics;
  - State-operated community-based mental health facilities;
  - State-wide maternity care; and
  - State-wide soil percolation program.

In addition, the DHMH should:

- Expand the use of contracting services in all areas where the private sector performs the same function, i.e, somatic medical services, dental services, laboratory services, pharmacy services, food and laundry services.
- Aggressively pursue consolidation/disposition of underutilized property.

# Department of Natural Resources

## I. Overview

The Department of Natural Resources (DNR) manages the protection, enhancement and balanced use of the State's natural resources for present and future generations. It is responsible for recreation activities throughout forests, parks and other public lands; acquisition and development of open space for recreation; protection of forests through fire suppression activities; safety of dams; establishment and implementation of regulatory programs to protect sensitive resources; and a myriad of programs designed to protect the bay and other natural habitats.

The DNR owns and/or manages more than 300,000 acres of land for recreation and open space purposes which are improved by approximately 1,500 buildings and structures. Facilities of the Department include 58 parks, forests and natural resource management areas, 5 fish hatcheries, 2 marine terminals, 2 full-service marinas, a police training academy, a tree nursery and 8 Natural Resources Police offices.

FY 92 Operating Budget	\$160,800,000 <sup>1</sup>
FY 92 Capital Budget	\$ 78,039,695
Number of Employees	1,682

In FY 92, over \$30,000,000 of goods and services was directly attributed to the private sector through service contracts, revenue leases and joint partnership agreements; in addition to \$74,000,000 or 95% of the Capital Budget.

## II. Existing Privatization

The DNR contracts for a full spectrum of services to support its activities; has numerous lease/revenue contracts; and many partnership agreements. Some of these privatization efforts are listed below in the following general categories: contracts for services; revenue contracts, and operation and development partnerships.

---

<sup>1</sup> General Funds - \$56.8 million; Operating Special Funds - \$62.2 million; Capital Improvement Special Funds (POS, waterway, shore erosion) - 13.8 million; Federal Funds - \$17.7 million; and Reimbursable Funds - \$10.3 million.

<b>CONTRACTS FOR SERVICES</b>		
<b>Activity</b>	<b>Function</b>	<b>Annual Dollars</b>
Park Maintenance	Routine trash collection, grass mowing, custodial.	\$ 157,000
Nursery	Purchase of non-seedling tree stock for forestry programs.	\$ 164,000
Oyster Propagation Consultants	Excavate fossil shells; transplant young oysters to productive growing areas.	\$ 1,700,000
Fisheries Management	Conduct fishing surveys.	\$ 91,000
Power Plant Review Program	Research and studies related to power plants.	\$ 3,800,000
Research	Chesapeake Bay research projects.	\$ 1,400,000
Waterway Improvement/Shore Erosion Control	Architectural/Engineering Consultant/Construction	\$ 3,400,000
Wildlife and Fish Administration	Emergency repairs, purchase of hatchery trout, habitat modification, endangered species studies.	\$ 300,000
DNR Police Facilities	Maintenance, trash removal, pest control, custodial, alarm systems.	\$ 26,000
Maryland Geological Survey Building	Building service contract.	\$ 196,000
Geological Reference Materials	Printing of reports, maps, bulletins.	\$ 35,000
<b>TOTAL</b>		<b>\$11,269,000</b>

<b>REVENUE CONTRACTS</b>		
<b>Activity</b>	<b>Function</b>	<b>Annual Dollars</b>
Real Property Utilization	153 agricultural and 250 dwelling/structure leases.	\$ 1,000,000
Parks	Concessionaire contracts for provision of food, recreation and camp stores.	\$ 1,900,000
Black Walnut Point	Operation of a bed and breakfast facility	\$ 3,900
Fort Washington Marina	Day-to-day operations.	\$ 60,000
Gunpowder - Days Cove	Mining of a 50-acre area for rubble.	\$ 1,500,000
<b>TOTAL</b>		<b>\$ 4,463,900</b>

<b>OPERATION/DEVELOPMENT PARTNERSHIPS</b>		
<b>Site</b>	<b>Activity</b>	<b>Estimated Value in Dollars</b>
Dan's Mountain State Park	Operated under agreement with Cumberland YMCA.	\$ 8,000
Fair Hill NRMA	Operation of an environmental education center; capital development/operation of capital thoroughbred training center.	\$ 8,983,000
Gunpowder Park Consultants	Operation/maintenance of a group home for mentally handicapped.	\$ 13,000
Matthew Henson Park	Development, operation and maintenance.	\$ 10,000
Patuxent River NRMA	Operation of Kings Landing Education Facility.	\$ 350,000
Greenwell State Park	Day-to-day operations.	\$ 110,000
Gunpowder - Days Cove	Capital development of park; constructing lakes, roads, utilities.	\$ 5,800,000
<b>TOTAL</b>		<b>\$15,274,000</b>



The DNR also works with thousands of volunteers who help with special projects such as: tree planting, stream surveys and monitoring activities; help keep State parks open and work to promote DNR projects and programs. For example, in Calvert Cliffs State Park, which was closed due to State downsizing, volunteers reopened and continue to operate the park. The DNR estimates that over one million dollars annually in cost savings is attributed to volunteers.

### **III. Potential for Privatization**

The DNR has proffered 3 privatization proposals. Proposals 1 and 2 were also recommended by the Governor's Commission on Efficiency and Economy.

1. **Somers Cove Marina** - The DNR is presently developing a request for proposal (RFP) for the management and future development of Somers Cove Marina Facility. The RFP is expected to be made public in January 1993. If the Department receives responsive proposals, a concessionaire can be selected and operation by July 1, 1993.
2. **Maryland Environmental Service (MES)** - The DNR is preparing legislation for introduction during the 1993 General Assembly, to establish the MES as a separate quasi-public authority. The MES would operate independently under policies established by its Board of Directors. Once the Directors are appointed by the Governor and confirmed by the Senate, the MES would continue to operate water supply and waste treatment facilities for the State.

The feasibility of merging the Northeast Waste Disposal Authority with MES will also be examined.

#### **3. Revolving Acquisition Program**

The DNR is preparing legislation for introduction during the 1993 General Assembly to allow the Department to acquire and re-sell land as part of one planned transaction in lieu of two separate actions and utilize the proceeds from the sale for new acquisitions. This would allow for the purchase of property, the placement of certain easements on the property for resource protection and, the resale of the land (or portions thereof) to private owners, a practice commonly used by national and local conservation groups. Private land trusts and conservation organizations as well as the private real estate industry would be extensively utilized.

#### IV. Functions Not Privatized

The Department believes that the overall management and operation of its programs should continue to be performed by government. The DNR's functions are delineated by program and activity cutting across organizational lines:

- **Locating, Inventory & Mapping, Research & Monitoring Natural Resources (85 positions)**  
Collections of data, assemble public information.
- **Regulations of the Use and Exploitation of Resources (184 positions)**  
Permitting activities, licensing, promulgation of regulations.
- **Public Safety and Law Enforcement in Support of Natural Resources Law and Regulation (549 positions)**  
Enforcement of natural resources laws and public safety by locating, charting and marking state waters; and aids to navigation.
- **Acquisition of Private Interests (land, resources) (57 positions)**  
Acquire property for recreation, protection of sensitive areas and wildlife habitat.
- **Protection and Management of Public Lands and Waters (412 positions)**  
Environmental education; protection of habitat.
- **Resource Management, Preservation, Enhancement and Restoration (395 positions)**  
Management of fish and wildlife population; restoration projects; and preservation of forests.

#### V. Recommendation

The DNR has a long history of working in partnership with the private sector resulting in major, direct and indirect economic impacts to the State. Maryland's forests have been managed to produce \$773 million worth of products; and, hunting, recreational and commercial fishing, and passive wildlife activities have contributed \$704 million to the economy. An estimated \$1.1 billion of tourism-related activities is credited to the use of Maryland's natural resources.

The Department has favored privatization activities that have enhanced, not replaced, existing programs.

The Task Force supports the three privatization opportunities the Department has under review:

1. The management/development of Somers Cove Marina;
2. The transfer of MES and merger of Northeast Waste Disposal Authority; and,
3. The revolving acquisition program.

In addition, the Task Force recommends that DNR should:

- continue to aggressively pursue the leasing, sale, exchange and development of under-utilized property;
- expand its use of contracts for services in areas such as grass mowing, custodial, maintenance; and research studies;
- continue to assess its specialized recreational facilities (campgrounds, cabins, interpretive centers) for the purpose of contracting or leasing to the private sector for day-to-day operation, with the State maintaining overall management and oversight. Additional opportunities may exist for the DNR to reduce its operating expenditures; realize a one-time cash infusion, or, improve the quality of the facility; and
- assess the feasibility for the private operation of the wood fired steam electrical generating plant at the Eastern Correctional Institute in Somerset County. MES assumed operation of this facility after problems were experienced by the original private operator. Operational efficiencies implemented by MES could warrant reconsideration for privatization.

# **Department of Public Safety and Correctional Services**

## **I. Overview**

The Department of Public Safety and Correctional Services (DPSC) has state-wide responsibility for controlling and reducing crime, maintaining public order, and supervising and rehabilitating adjudicated individuals who pose a threat to the public. It is the lead agency for major drug enforcement and traffic and accident investigation on interstate highways. The DPSC establishes the minimum-mandatory standards for police and correctional training; handles certification of police officers; administers police aid grants to local jurisdictions; and, provides oversight of a myriad of programs designed to protect the people.

The DPSC owns and manages 15 correctional agencies consisting of numerous facilities and 28 State Police barracks throughout the State.

FY 92 Operating Budget	\$662,676,874
FY 92 Capital Budget	\$ 60,643,000
Number of Employees	11,648 (appropriated)

In FY 92, \$60,910,025 or 10% of the DPSC operating budget went directly to private sector for services rendered and \$60,643,000 or 100% of the Capital Budget.

## **II. Existing Privatization**

All of the duties and responsibilities transferred to the private sector are handled by contract with the exception of real property, which is handled by revenue lease. These activities are summarized as follows:

<b>Category</b>	<b>Responsibility</b>	<b>Annual Dollars</b>
Medical Contract	To provide medical service to inmates housed within the Division of Corrections, Patuxent; and the Division of Pre-trial Detention services.	\$47,270,331
Food Service	Inmate service at Baltimore City	\$ 3,776,827
Food Service Consultants		\$ 180,000
Systems Development	Data services design; programming; maintenance service.	\$ 686,013
Facilities	Critical maintenance; Major maintenance.	\$ 1,564,000 \$ 2,000,000
Other	Aviation/flight weather service.	\$ 31,000
	Physical Fitness Evaluation	\$ 75,000
	Commissioned Officers Assessment	\$ 31,000
	Community Adult Rehabilitation Centers	\$ 3,113,360
	Photocopier Rentals	\$ 948,188
	Printing	\$ 348,107
	Trash Removal	\$ 886,199
<b>TOTAL</b>		<b>\$60,910,025</b>

In addition, the DPSC has leased 100 acres of property in Jessup to CSX Corporation for an automotive distributing facility, representing an annual rental of \$299,333, as well as several short-term year-to-year leases with farmers on undeveloped property representing approximately \$30,000.

### III. Potential for Privatization

The DPSC recommends 5 candidates for privatization review:

- **Quality Assurance/Hospital Utilization Review** - To provide for review of services provided by inmate medical contractor, as well as, an analysis of the use of outside hospital service by the contractor.
- **CJIS Central Repository** - Criminal record-checking unit of CJIS Central Repository, payment would be made from the \$18 fee charged; certain security requirements would be necessary.
- **Transportation of Inmates** - The Department currently has a fleet of over 300 vehicles for which the main objective is the transportation of inmates from institution to institution and from institution to court.
- **Psychological and Additional Therapy** - Potential to issue a single contract for services needed for inmates. This service is currently performed by some full-time employees and some contractual employees.
- **Audit and Standards Compliance** - To procure a firm to perform all services now performed by DOAC and MCCS. These units conduct follow-up and initial compliance audits. There may be vendors able to perform these services.

### IV. Functions Not Privatized

- **Management/Operations - Correctional Systems**  
(6,754 positions)

The Division of Correction, Patuxent Institution and the Baltimore City Detention Center are responsible for the overall housing of all inmates assigned to the Department. Administrative management is designed to handle regulation changes, inmate food, inmate remedies, data processing, etc.

These agency's functions remain basically constant, however, due to changes in funding, grant levels, court decisions, and legislative requests, flexibility is needed. As a result, swift

reactions by management are constantly required in order to minimize the potential for a security risk.

- **Law Enforcement (MD State Police/Fire Marshal)**  
(2,517 positions)

The objective of MSP is to maintain safety, prevent the commission of crime, apprehend criminals, etc. The objective of the Fire Marshal is to safeguard life and property from the hazards of fire and explosion. The Fire Marshal investigates serious fires and conducts evaluations of buildings and facilities to determine compliance with regulations. These agencies also must be in a position to react swiftly to the security demands of the public.

- **Community Supervision (pre-release, MD Parole Commission, Parole/Probation)** (1,320 positions)

The MPC determines when and if an inmate is to be released prior to his/her court-ordered confinement. P&P has the responsibility of executive direction, planning, policy, etc. of mandated criminal supervision. The Pre-Trial Release Services of the Division of Pre-trial Detention Services is responsible for interviewing, investigating, and presenting recommendations to courts pertaining to pre-release in Baltimore City.

- **Data Services** (199 positions)

Performs information design, programming and operation of criminal justice information system. This unit has a high-security risk and to privatize it may release critical data into the public hands.

- **Administrative Support** (124 positions)

Office of the Secretary - General administration provides primary front-line support and top-level management of the Department. The program responds to all executive and legislative inquiries. As a result, swift reactions are necessary by management in order to minimize any potential security risk.

Additional administrative support is provided by the Inmate Grievance Office, Maryland Commission on Correctional Standards and the Police and Correctional Training Commissions.

V. Recommendation

There is no question that major privatization of the DPSC cuts to the heart of government's provision of traditional services - public safety and welfare of citizens. Over 50% of the positions in the DPSC are within the prison system - where one mistake could result in the loss of lives. Public safety is a responsibility and a liability that begins and ends with government.

Nonetheless, there are examples where the operation of prisons, transport of prisoners, and, provision of inmate services are provided by the private sector. Although the jury is still out on the success of private operation of prisons, the utilization of the private sector in other categories (food services, medical care) has proven to be quite successful in providing efficient and cost-effective service.

The Task Force supports the serious review of the 5 privatization opportunities recommended by the DPSC:

- Quality Assurance/Hospital Utilization Review;
- CJIS Central Repository;
- Transportation of Inmates;
- Psychological and Additional Therapy; and
- Audit and Standards Compliance.

In addition, the Task Force recommends that the DPSC should:

1. expand its use of contracts for inmate food services;
2. aggressively pursue leasing/sale of under-utilized property;
3. assess the privatization potential for:
  - Correction's education programs for inmates;
  - operations of pre-release and minimum security prisons.



# Maryland Aviation Administration

## I. Overview

The Maryland Aviation Administration (MAA) represents a small, but crucial part of the activities and functions that make up the daily operations of BWI. It is the governmental presence that regulates, directs, negotiates and manages the spectrum of airport activities from providing services for competing airlines and assessing user fees, to developing and implementing capital projects; community/government relations, marketing, and passenger security. It is estimated that BWI generates 48,000 jobs and has an annual impact in Maryland of over \$2.5 billion.

The Maryland Aviation Administration (MAA) develops and operates airports and fosters and regulates aeronautical activity within the State. The Administration inspects and licenses commercial airports, air schools and air-school instructors; sponsors educational seminars for pilots and mechanics; and provides technical assistance to monitor aircraft noise levels in communities around the airports.

The MAA owns and manages the Baltimore/Washington International Airport (BWI) facility which is located on 3,158 acres, and has a 5-finger pier unit passenger terminal (923,000 sq. ft.); 47 jet loading bridges, 17 commuter gates, eight cargo buildings, as well as the supporting facilities to the airport: hotel, aircraft hangars, fire rescue complex, maintenance and equipment buildings and parking facilities. In addition, MAA owns and operates Martin State Airport (MTN) located on 747 acres with a terminal/administration building, aircraft control tower, aircraft hangars, and fuel storage facilities.

FY 92 Operating Budget	\$33,900,000
FY 92 Capital Budget	\$35,600,000
Number of Employees	434 (appropriated)

In FY 92, \$16.6 million or 49% of MAA's Operating Budget and \$33.6 million or 94% of MAA's Capital Budget went directly to the private sector for services rendered.

## II. Existing Privatization

The combined privatized operation/maintenance activities at BWI/MTN are listed as follows:

<b>Airport</b>	<b>Activity</b>	<b>Annual Dollars</b>
<b>Baltimore/Washington International (BWI)</b>	Security guard services	\$ 208,882
	Police security services	\$ 4,151,267
	Airport security access system	\$ 120,383
	Heating/ventilating system operation	\$ 1,511,508
	Electrical system maintenance	\$ 193,302
	Loading bridge/bag belt/door maintenance	\$ 757,849
	Elevator/escalator maintenance	\$ 151,567
	Parking garage maintenance	\$ 127,000
	Parking shuttle bus operation/maintenance	\$ 3,400,132
	Janitorial services	\$ 3,190,157
	Limo/bus dispatch	\$ 197,767
	Solid waste removal	\$ 594,443
	Advertising service	\$ 822,140
	Landscape maintenance	\$ 123,127
	Environmental services	\$ 54,591
	Generalized maintenance activity	\$ 529,557
	Legal fees	\$ 23,781
	Air service development services	\$ 173,278
<b>Martin State Airport (MTN)</b>	Heating/ventilating system	\$ 30,847
	Security guard services	\$ 31,894
	Solid waste disposal	\$ 12,132
	General maintenance activity	\$ 202,163
<b>TOTAL</b>		<b>\$16,607,767</b>

In addition, the BWI/MTN have certain functions under contract where the MAA receives a revenue. In FY 92, the revenues exceeded \$25 million or 47% of MAA's total revenue. An additional \$23.6 million was generated from air carriers at BWI Airport for recovery of airport operating/maintenance and capital expenditures through rents and user charges as indicated below:

Airport	Activity	Annual Revenue
Baltimore/Washington International (BWI)	Terminal food/beverage/merchandise sales	\$ 1,972,547
	Catering airline in-flight meals	\$ 874,182
	Public parking	\$14,882,623
	Rental cars	\$ 4,970,477
	Taxicab, limo service	\$ 376,571
	Privately constructed cargo building rent	\$ 169,177
	Private fuel sales and aircraft services	\$ 778,450
	Other concessions (hotel, advertising, etc.)	\$ 883,169
Martin State Airport (MTN)	Air taxi services, flight schools, etc.	\$ 116,186
	Food vending	\$ 719
	Advertising	\$ 675
	Ground Transportation	\$ 2,628
<b>TOTAL</b>		<b>\$25,027,404</b>

### III. Potential for Privatization

The MAA has defined the following divisions/functions for privatization potential:

- **Fire Rescue Service (BWI)**

Responsible for airfield rescue and fire fighting; structural fire fighting on airport property, medical response on airport property and fire inspection/plans review of airport property and a dispatch center.

- **Terminal/Transportation Services (BWI)**

Responsible for the contract supervision of parking lot and shuttle bus operators; taxicab service operators; limousine operation; and, consolidated ground transportation desk operations.

- **Maintenance (BWI/MTN)**

Airfield maintenance (snow removal, pavement maintenance, minor construction); building maintenance (building repair, electrical, plumbing).

- **Marketing Activities**

#### IV. Functions Not Privatized

- **Executive, Counsel, Regional Aviation Assistance (16 positions)**

Provides oversight, policy guidance on fiscal, legal, capital development; oversight of federal and state grants.

- **Airport Operations (268 positions)**

Responsible for airfield safety inspections and compliance; airport supervision on a 24-hour basis; physical security and federally-required law enforcement; contract procurement and oversight; and responsible for retail fuel and lubricant sales (MTN only).

- **Business Administration (76 positions)**

Lease and contract negotiations; oversight of performance of contractors; budgeting; accounting services; personnel; and purchasing.

- **Marketing and Development (28 positions)**

Research and analysis; coordination of State/Federal legislative process; strategic planning; communications; and air service/marketing development.

- **Planning and Engineering (46 positions)**

Facilities planning; noise program management; development/oversight of capital program; forecasting; design and engineering structures; acquisition of property monies; and management of property records.

## **V. Recommendation**

The MAA operates in an extremely competitive environment. Surrounded by Pittsburgh, Philadelphia, Charlotte, Dulles and National Airports, the MAA has continued to compete for its share of the market. Changes in management, capital construction projects, user costs, passenger facility operations and aviation operations directly influence current viability and future growth of the airport. BWI, alone, has approximately 10,000 private sector employees whose livelihood depends upon the health of the airline industry.

Major privatization of the airport, either by sale, contract or lease will directly affect the balance of airport operations and alter future expectations of both the airlines and the consumer.

Because of the profound impact on the economy of the State and the welfare of its citizens, the underlying goals to be achieved with privatization are of crucial importance. For example, in Canada, the major goal to privatizing the airport was to raise capital for the development and construction of Terminal 3. Canada could not raise the capital required to undertake this expansion. The resulting management and operational problems were outweighed by the accomplishment of the capital project. Conversely, had the goal been to increase the overall efficiency and operation of the airport, the privatization effort would not have been successful.

Research on the ownership and operation of airports in California, New York, Massachusetts, Canada, and the United Kingdom revealed that conditions at each airport from a financial, operational and management perspective are different and there seems to be no clear correlation to BWI. However, several issues resulting from these discussions are worth noting:

- No major U.S. Airport has been privatized.
- ownership/operation of airports by public controlled independent authorities are on the rise - provide more autonomy, (for capital expenditures, personnel, procurement) but still are under full public ownership and control.

General areas of concern regarding privatization of BWI continue to be:

- the need to maintain fiscal control;
- day-to-day policy direction and oversight;
- the degree to which a function or activity involves competition;
- consideration of operator costs, such as salaries, overhead, management fees; versus airline, concessionaire and user fees;
- extent of liability and insurance, exposure;
- the cost and benefits to the airlines over the short- and long-term;
- federal grant eligibility; and use of airport revenue.

The Task Force does not support the transfer of the management or operation of BWI to the private sector at this time. The Task Force is concerned that the Airport does not have enough flexibility in management decision making to respond quickly to rapid changes in the industry. In addition, a stronger emphasis on public/private partnerships to promote economic development is warranted.

The Task Force recommends that MAA undertake a detailed analysis of the following privatization opportunities:

- Fire Rescue Service (BWI)
- Terminal/Transportation Services (BWI)
- Maintenance (BWI/Martin State Airport)
- Marketing Activities

In addition, the Task Force recommends that:

- A formal analysis be prepared regarding the expansion of the Maryland Transportation Authority to a "Consolidated Enterprise Authority" to include the Maryland Aviation Administration and the Maryland Port Administration; and
- MDOT, MAA and DEED work with Westinghouse to develop a program to showcase Westinghouse technology at BWI.

# Maryland Port Administration

## I. Overview

The Maryland Port Administration (MPA) represents only a small portion of the many varied segments which comprise the Port of Baltimore. In a sense, the MPA's governmental presence among dozens of private businesses and other organizations offers an outstanding opportunity for privatization of which the MPA has aggressively taken advantage. In carrying out its duties, the MPA's actions influence over 14,000 jobs directly related to Port activity.

The MPA markets and promotes the entire port - public and private terminals - to foster the economic development of the State. It maintains the facilities and equipment and performs such duties as assigning berths to vessels, providing terminal police protection and security, preventative maintenance and crane repair. MPA is responsible for providing all dredge disposal capacity for the Port's channels as well as a portion of the C & D Canal. The MPA focuses on strategic planning to promote sales from foreign and domestic customers and pursues legislation to keep the Port activity competitive.

The MPA owns Dundalk Marine Terminal, Seagirt Marine Terminal, North and South Locust Point Terminals, Fairfield Auto Terminal, the Intermodal Container Transfer Facility, Clinton Street Terminal, Hart-Miller Island, Port of Cambridge and the World Trade Center.

FY 92 Operating Budget .....	\$40,021,331
FY 92 Capital Budget .....	\$ 7,629,209
Number of Employees .....	405 (appropriated)
	379 (actual)

At the close of FY 92, 34% or \$13,747,000 of MPA's operating budget went directly to the private sector for services rendered; as well as 74% or \$5,647,000 of the Capital Budget.

## II. Existing Privatization

The MPA is commonly referred to as a landlord port authority. It owns a number of public facilities, but leases them to the private sector to perform much of the maritime activity. These arrangements are either by lease or contract and cover a magnitude of tasks from complete operation and oversight of day-to-day activities at some terminals to the provision of equipment and labor or cargo handling

activities at other terminals. In addition, the MPA contracts for much of its engineering services and utilizes private firms to provide maintenance and administrative support. These existing privatization efforts, listed below, encompass many activities that are integral to the overall effectiveness of the port.

<b>Public Terminals</b>	<b>Private Sector Responsibilities</b>	<b>Annual Dollars</b>
Seagirt	Provide equipment/labor; conduct operations on dock rail yard; perform day-to-day operating functions.	\$ 5,321,000
Dundalk	Complete operation of 2 private terminals on 150+ acres; design/construct separate computerized gate.	\$ 980,000
South Locust Point	Complete operation of facility.	\$ 6,000
Fairfield Auto Terminal	Complete operation of facility.	\$ 442,000
Intermodal Container Transfer Facility	Complete operation of facility.	\$ 693,000
North Locust Point	Cargo handling	\$ 102,000
<b>Engineering Services</b>	Design, Construction, Dredging	\$ 4,122,000
<b>Operation/Maintenance</b>	Facility maintenance repair, janitorial, Security Console Station/World Trade Center.	\$ 2,958,000
<b>Finance/Administration/Marketing</b>	Far East marketing, informational services, advertising.	\$ 4,770,000
<b>TOTAL</b>		<b>\$19,394,000</b>



### **III. Potential for Privatization**

The MPA is seriously reviewing several facets of its operation for additional privatization opportunities:

- **Disposal of Port of Cambridge**

The Cambridge Port no longer operates as a working marine terminal. MPA has been actively pursuing re-development plans for the site in coordination with local officials, the Department of Economic and Employment Development and Maryland Economic Development Corporation. The current proposal is to solicit development of the property by the private sector with the MPA retaining a lease fee interest.

- **Marketing**

Due to the success of the transfer of marketing activities in the Far East, the MPA is considering the privatization of the European and New York sales offices.

- **Information Systems**

The MPA is considering expanding its use of private contractors to make major modifications, such as coding new modules and implementing system enhancements.

### **IV. Functions Not Privatized**

The MPA carries out the following duties and responsibilities with State personnel:

- **Police Security (74 positions)**

The MPA provides for the public safety (both security and law enforcement) of all employees, customers, contractors, tenants and guests; security for all owned, operated and leased facilities (including equipment and property); criminal investigations; recovery of stolen goods; examinations of empty containers; and cooperative work with the U.S. Customs and drug-interaction forces. The police have the power of arrest, the right to detain, search and seize, and perform a variety of duties that could not be performed by a private firm.

- **Operations/Maintenance (203 positions)**

- Oversight and management of the operations and maintenance of MPA operated facilities.
- Coordination of terminal activity to maximize utilization through assignments and use of berths, cranes, and storage areas.
- Maintenance of 21 dock-side cranes; 2 land-side cranes.
- Performs general maintenance of terminal facilities, i.e., berths, storage areas, rail yards, office buildings.
- Operation/leasing of the World Trade Center.
- Engineering oversight of capital program.

The MPA recommends that these duties and responsibilities continue to be performed by State employees. This would allow the MPA to continue to provide:

- State control and coordination of the operations of private sector companies on MPA facilities;
- in-house expertise to maintain the crane's service and reliability and limit downtime (1 hour of crane downtime = \$3,000 in unproductive labor/ship expenses);
- maximum efficiency and responsive maintenance on a 24-hour basis; and
- oversight of private contractors.

- **Finance/Administration/Marketing (128 positions)**

Major functions: strategic planning and management, set goals and policies, promotion and coordination of port activities, budgeting, planning, human resources and administrative support.

These activities are essentially administrative and policy setting in nature. Although the MPA is considering privatization of additional marketing services, their position is that the Port should continue to control and manage these activities with existing State employees to ensure commitment to the short- and long-range goals of the agency.

V. Recommendation

The MPA operates in an extremely competitive environment and its actions directly affect the economic welfare of dozens of private businesses involved in handling cargo from point of origin to final destination. There has clearly been a pro-active move toward privatization by the Port resulting in innovative operations between the Port and private industry. There has also been major capital investments by the State to augment these private partnerships. Seagirt Marine Terminal alone cost approximately \$220 million to design, develop and construct. Although the rate charged to steamship lines does not cover the capital costs, the economic benefits such as jobs and tax dollars have, in the past, justified these major public expenditures. Activity at the Port is estimated to generate nearly \$2 billion annually, including \$915 million in personal income, \$52.5 million in state tax receipts, and \$14.4 million in municipal tax receipts. The existing and future needs of capital dollars, and the major economic impact of the Port operations must be carefully analyzed when addressing the issue of privatizing the Port.

The Task Force recommends that MPA should continue to:

- contract-out more of the marketing and advertising services;
- aggressively pursue disposal of the Port of Cambridge, including consideration of a total transfer of the asset;
- expand its use of private contractors for information systems.

In addition, the MPA should:

- aggressively pursue disposal/higher utilization of other properties where consolidation, private-public partnerships could be viable;
- assess and compare the cost of transferring the operations of the World Trade Center to the private sector; and
- seriously consider merging with the Maryland Transportation Authority and the Maryland Aviation Administration into a Consolidated Enterprise Authority.

# The Maryland Higher Education Commission

## I. Overview

The Maryland Higher Education Commission is the State's coordinating and planning agency for higher education. The Commission has five major functions: approving academic programs, establishing operating and capital budget guidelines, analyzing postsecondary education policy, recommending a consolidated capital and operational budget for higher education to the Governor, and state-wide planning. The Commission also administers over \$20 million in State student financial aid programs and has regulatory authority over private career schools operating in Maryland. In addition, the Commission recently assumed the responsibilities and authority of the State Board for Community Colleges, including administration of the State's Community College Construction Program.

### FY 92 Budget Summary:

General Administration .....	\$ 3,947,609
Aid to Non-public Institution .....	21,286,430
Aid to Community Colleges .....	87,729,100
Educational Grants .....	5,032,226
Financial Aid .....	<u>24,167,780</u>
	\$142,163,145

Number of Employees 64 (actual)

## II. Existing Privatization

1. **State Financial Aid Program** - The Commission owns the hardware equipment to run the Maryland Financial Aid Program. It contracts with a private vendor to adapt already existing software packages to the Maryland program. The Commission shares responsibility for maintenance and enhancement of the financial aid program software with the vendor. The Commission had previously contracted with a private vendor for all financial aid systems. Bringing functions in-house has resulted in an annual savings of \$500,000.  
..... \$40,000 annually
2. **Expertise Not Found within the Commission** - The Commission uses the private sector in areas requiring expertise not found within the Commission. For example, after receiving applications for program approvals, Commission staff will contract with experts to review the content to ensure academ-

ic quality. This procedure allows the Commission to take advantage of already existing expertise without incurring the expense of developing it in-house. The commission also contracted with Dow, Lohnes & Albertson, a Washington, D.C., law firm, to help prepare the State's final report to the Office for Civil Rights on Maryland's Plan to Assure Equal Postsecondary Education Opportunity, 1985-1989. Other consultants include judges for the Distinguished Scholar program, Nina Temple Designs to design brochures for the new Guaranteed Access Grant program, and marketing Management to assist the Coppin-Morgan Task Force.

..... \$50,000 annually

3. **Encourages Exploration to Privatize Its Operations** - The Commission actively encourages the different segments in higher education to explore ways to privatize their operations.

The most successful example of privatization in higher education thus far is St. Mary's College. As a direct result of the Commission's urging the higher education segments to look at privatization, St. Mary's College is now a state-related institution. St. Mary's has not been privatized in the strict sense of the term because it remains under the governance of its Board, which is a public entity whose members are appointed by the Governor with the advice and consent of the Senate. It has, however, been given much of the freedom to manage its affairs that a public institution does not normally have. Instead of submitting a detailed budget request, it receives a lump sum appropriation from the State based upon general categories of expense. Its Board then determines how to spend that money within those categories in accordance with the College's priorities. In addition, the college has been given autonomy over procurement and personnel.

### III. Potential for Privatization

The Commission is exploring avenues to delegate to the Department of General Services (DGS) its responsibilities for construction oversight in the community College Capital Construction Program, while retaining its authority to set priorities for capital spending. The State Board for Community Colleges had performed both functions, but the Commission does not have the expertise to provide construction oversight.

In addition, the Commission is recommending other ways that higher education institutions could incorporate the private sector in their management:

- Privatizing specific aspects of academic programs by having private companies run them;
- Entering into more contracts with private sector entities to provide training and continuing education courses to private sector employees;
- Using management techniques borrowed from the private sector; and
- Having private companies provide non-educational services to colleges and universities, such as housing, construction, student services, counseling, medical services, or groundskeeping.

#### IV. Functions Not Privatized

Three major divisions are responsible for ensuring that the Commission's work is performed. Currently, none of these direct responsibilities are privatized in the sense that a private entity has total control over and responsibility for the completion of particular tasks. Because of the nature of the Commission's responsibilities, which include formulating and implementing the State's policies on higher education, the Commission believes that privatization is inappropriate. The breakdown of the three major divisions is:

- **Administrative Division (25 positions)**
  - coordinates the Commission's activities and internal operations;
  - coordinates and administers State Plan for desegregation and equal educational opportunity;
  - acts as a liaison with the Governor's Office, and the Legislature;
  - manages Statewide data collection systems;
  - administers agency budget; and
  - coordinates disbursement of State financial aid programs.
- **Division of Finance Policy (22 positions)**
  - administers State and Federal scholarship programs;
  - develops and implements budget guidelines; and
  - administers State Aid Program for independent colleges and community colleges.

- **Division of Planning and Academic Affairs (17 positions)**
  - analysis and planning for education programs;
  - program and institutional approval; and
  - regulation of private career schools.
  - data analysis and research

## **V. Recommendation**

The Commission's purview is statewide. It establishes statewide higher education policy and sets the short- and long-term agenda for all of postsecondary education. It represents the mandates and priorities of the State as set forth by the legislative and executive branches; assesses the needs and interests of the citizens; evaluates the plans and actions of the Governing Boards of Institutions; provides information to State government and makes recommendations for policy and action.

Although the Commission has proffered privatization opportunities for consideration to the institutions, it believes that the initial decision to privatize is an internal governance matter under the authority of the individual institution government boards, and, does not intend to issue a privatization policy.

The Task Force encourages the Commission to continue to recommend privatization opportunities. The Task Force supports the Commission in exploring avenues to delegate its responsibilities for construction oversight. The Task Force recommends that the Commission look at delegating this responsibility to either the Department of General Services or the private sector depending on which option is more efficient and effective.

## References

Advisory Council on State Productivity, "New York State - A Private Sector Partnership to Reduce Costs," Privatization Report; April 1992.

Cox, Wendell and Brunelli, Samuel A.; Environmental Partners - A State Legislator's Guide to Public Private Partnerships, American Legislative Exchange Council; August 1992.

Cox, Wendell and Brunelli, Samuel A.; Environmental Partners - Public Private Partnerships for the Environment American Legislative Exchange Council; August 1992.

David, Irwin T.; The Privatization Review "Steps to Successful Implementation" Volume 6, Number 4; Fall 1991, Published April 1992.

English, Bill; "Privatization: A Strategy for Delivering Public Services with Less Government", The Commonwealth Foundation. February 1988.

Goodman, John B. and Loveman, Gary W. "Does Privatization Serve in the Public Interest?", Harvard Business Review, November, December 1991.

Holzinger, Albert G., Nation's Business "Entrepreneurs to the Rescue", August 1992.

Lander, Ronald S., Chairman; Privatization for New York: Competing for a Better Future; January 1992, Chapters 1, 2, 4, 7, 11.

Osborne, David and Gaebler, Ted; Reinventing Government - How the Entrepreneurial Spirit is Transforming the Public Sector; 1992.

Osborne, David; Governing, "Privatization: One Answer, Not the Answer", April 1992.

"Privatization Assessment Workbook 1989," Office of State Auditor, Colorado; 1989.

"Privatization in Michigan," Department of Management and Budget, Michigan (Published Draft); August 1982.

"Privatization in Michigan: Recommendations to the Governor", Michigan Public-Private Partnership Commission; October 1992.

"Privatization Study," Oregon Privatization Review Team. Prepared for the Governor's Task Force on State Government, Oregon; January 7, 1992.



Seader, David L., "Privatization Strategy Issues for Municipalities", November 1992 paper  
- Conference of the Great Cities of the Americas.

Sharpe, John, Texas Comptroller of Public Accounts; Breaking the Mold - New Ways to Govern Texas, Volume 1, Chapters 1, 9 and Volume 2, Part I and II, Selected Pages 4, CG 3, CG 12; July 1991.

State Government Privatization 1992 Apogee Research, Inc.; 1992.

Texas in Austin, The University of; Contracting State Government Functions Policy Research Project; Lyndon B. Johnson School of Public Affairs #75, Contracting Selected State Government Functions: Issues and Next Steps; 1986.

Waterhouse, Price; "Privatization - Learning the Lessons from the United Kingdom Experiences," Chapters I, II and V.

Final Submittals from the following State Agencies:

Maryland Department of the Environment, Robert Perciasepe, Secretary.

Maryland Department of General Services, Martin W. Walsh, Secretary.

Maryland Department of Health and Mental Hygiene, Nelson J. Sabatini, Secretary.

Maryland Department of Natural Resources, Dr. Torrey C. Brown, Secretary.

Maryland Department of Public Safety and Correctional Services, Bishop L. Robinson, Secretary.

Maryland Department of Transportation, O. James Lighthizer, Secretary:

- Maryland Aviation Administration
- Maryland Port Administration

Maryland Higher Education Commission, Shaila R. Aery, Secretary.

